

# **SUSTAINABILITY REPORT 2018**

**DELONG HOLDINGS LIMITED**



# **INTRODUCTION**

## **ABOUT DELONG HOLDINGS LIMITED**

Committed to playing its part in growing the Chinese steel industry, Delong Holdings Limited (“Delong” or the “Company”, together with its subsidiaries, the “Group”) is a steel manufacturing and trading group headquartered in Beijing, China. Its flagship business, Delong Steel, is located 430 kilometer southwest of Beijing in the industrial city of Xingtai in Hebei Province, placing it in proximity to raw material sources and an extensive client base encircled by the Bohai Economic Zone.

The Group’s business area spans across cities within the China. For more details on our corporate structure and company profile, please refer to page 11 to 13 of the Delong Holdings Limited Annual Report (Annual Report) 2018.

## **OUR VISION**

Delong is a steel manufacturing group committed to playing its part in growing the Chinese steel industry through progressive thinking and sustainable practices.

We envision Delong as one of the leading steel companies in China, contributing strategically to the country’s economic landscape and creating long-term value for our stakeholders.

## **CORPORATE GOVERNANCE**

An extensive system of policies, processes, training, and communications is in place to protect our reputation, avoid conflict of interests in our business activities and stay on the path towards a sustainable business culture that will generate long-term value creation for all our stakeholders.

For more details on our Corporate Governance, please refer to Corporate Governance Report section of the Delong Holdings Limited Annual Report (Annual Report) 2018.

## **RISK MANAGEMENT**

We regularly review and improve our business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. We are committed to ensuring appropriate risk management procedures are implemented across our supply chain.

## **MEMBERSHIP OF ASSOCIATIONS**

Delong currently holds membership in the China Iron and Steel Association (CISA). CISA aims to maintain the overall interests and legal rights of the member companies. It functions as a bridge between the government and enterprises and aims to continuously improve the competitiveness of the Chinese steel industry in the domestic and overseas market. As such, it allows us to develop strategic relationships within the industry and further drive value creation for all stakeholders.

## ABOUT THIS REPORT

### SCOPE OF THE REPORT

The annual Sustainability Report (the "Report") of Delong has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, the international standard for sustainability reporting. This report is prepared with reference to the primary components set in Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Rules 711A and 711B. We have conducted a refreshment of the Environmental, Social and Governance ("ESG") aspects to evaluate the relevancy against current businesses operations. This report covers the sustainability performance of our operations for the financial year ended 31 December 2018 ("FY2018"), unless stated otherwise.

The content of this report was defined by the four reporting principles established by GRI Standards:



#### **Stakeholder Inclusiveness:**

To determine the report context through the refreshment of materiality assessment exercise conducted in December 2018.

#### **Sustainability Context:**

To determine the report context which covered the ESG aspects.

#### **Materiality:**

To determine the report context based on the internal and external factors that were considered when assessing whether a topic is material.

#### **Completeness:**

To evaluate specific and material topics on data availability as well as to determine the topics' boundaries.

We have not sought external independent assurance for this reporting period and will consider doing so in the future as its sustainability reporting efforts matures.

### CONTACT US

For any questions or to deliver feedback about this report, please contact:

#### **Company Secretary**

**Yeo Lee Luang**

55 Market Street, Level 10,

Singapore 048941

Tel.: (65) 65212964

Fax: (65) 65357505

E-mail: [ir@dlholdings.com](mailto:ir@dlholdings.com)

# MESSAGE FROM BOARD

## BOARD STATEMENT



Dear Stakeholders,

Delong Holdings Limited has progressed into the second year of sustainability reporting. We believe that integrating sustainability in our business strategies will achieve sustainable growth for the Group as well as to upgrading the business model and strategies.

This year, we have made good progress in managing the Environmental, Social and Governance (“ESG”) issues in our long-term sustainable business strategies, ensuring that our efforts to improve financial performance align with our sustainability efforts. Our employee new hire rate has shown a good progress with an increased to 10.6% as compared to 8.7% in FY2017. Furthermore, our employee turnover rate has also shown an improvement with 6.6% as compared to 10.0% in FY2017.

Furthermore, we also maintained our safety track record of zero workplace fatalities and occupational disease cases and have seen an improvement to the lost day rate. We have achieved our target to record zero reportable (lost-time) incidents.

We recognise the importance of maintaining a balance between economic, environmental, social and governance obligations. The continuous integration of sustainability measures in our strategy and operations will be complemented by quality disclosures so as to provide stakeholders with a holistic view of the Group’s performance and prospects.

Looking ahead, we will continually improve our performance and proactively integrate sustainable practices into our business strategy.

# ACHIEVEMENTS AND RECOGNITIONS

## CERTIFICATION AND AWARDS

Certification	
ISO 9001	2000 Quality Management System

Awards <sup>1</sup>
<ul style="list-style-type: none"> <li>Home of National Model Workers 2018 [2018 全国模范职工之家]</li> </ul>
<ul style="list-style-type: none"> <li>National Model in Safety Management 2018 [2018 国家安全管理标准化示范班组]</li> </ul>
<ul style="list-style-type: none"> <li>Provincial Demonstration Enterprise in Safety and Culture Construction 2018</li> </ul>
<ul style="list-style-type: none"> <li>"A" Class Competitive Enterprises 2018 [2018 "A"级竞争力特强企业]</li> </ul>

# STAKEHOLDER ENGAGEMENT AND MATERIALITY REVIEW

## STAKEHOLDER ENGAGEMENT

We recognise the importance of stakeholders in maintaining the company's long-term growth as well as responsible business development in ESG topics. Therefore, maintaining effective communication channels with our stakeholders are of utmost importance to us. We communicate regularly with our stakeholders by providing an open and transparent channel for their concerns, reviewing and considering those concerns and responding in a timely manner.

Stakeholder Group	Mode of Engagement	Frequency
Investor	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Announcement, media releases and interview (if any)</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Ad-hoc</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer satisfaction surveys</li> <li>Customer call centre</li> </ul>	<ul style="list-style-type: none"> <li>Frequently</li> <li>Annually</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Supplier Code of Conduct</li> <li>Vendor evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Ad-hoc</li> <li>Annually</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Performance Evaluation</li> <li>Company intranet</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Frequently</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Financial results</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Frequently</li> </ul>

Figure 1: Stakeholder Groups of Delong Holdings Limited

<sup>1</sup> Further details about awards received by Delong Holdings Limited can be found in Delong's company website.

## RESULTS FROM MATERIALITY ASSESSMENT

A materiality assessment was conducted to identify the material ESG topics. The materiality assessment and identification of ESG topics was conducted as follows:

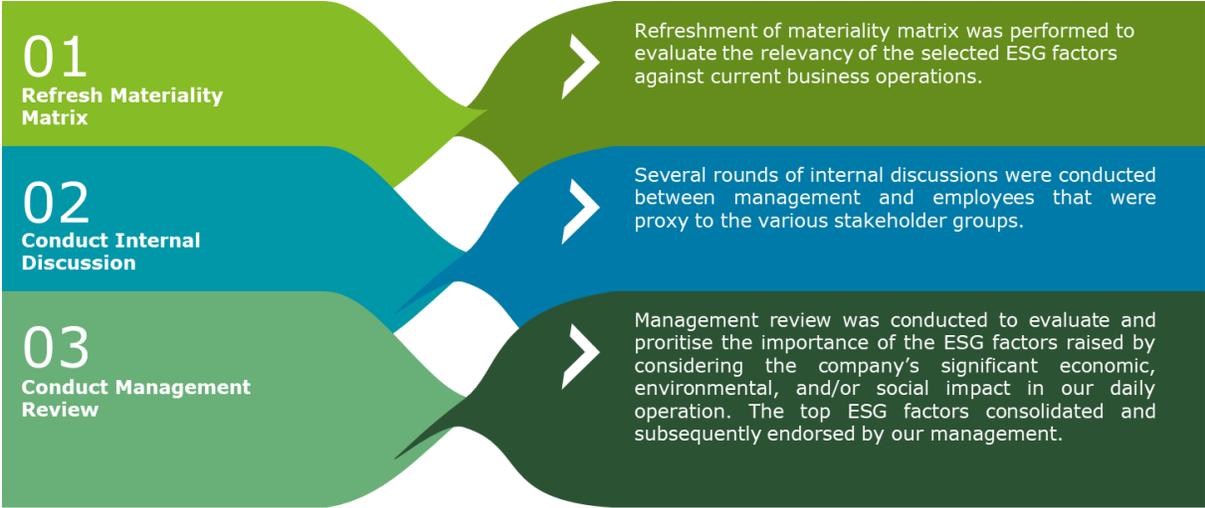


Figure 2: Materiality Assessment Process

## MATERIAL ASPECTS AND INDICATORS IDENTIFIED

Material Aspects	GRI Standards ESG Indicators		Aspect Boundary <sup>2</sup>
Economic Performance	GRI 201-1	Direct economic value generated and distributed	Within organisation
Energy	GRI 302-1	Energy consumption within the organisation	Within organisation
Water	GRI 303-1	Water withdrawal by source	Within organisation
Environmental Compliance	GRI 307-1	Non-compliance with environmental laws and regulations	Within organisation
Employment	GRI 401-1	New employee hires and employee turnover	Within organisation
Occupational Health and Safety	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Within organisation
Training and Education	GRI 404-1	Average hours of training per year per employee	Within organisation

Figure 3: Material Aspects and Indicators Identified

<sup>2</sup> Aspect Boundary is a description of where the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities. Global Reporting Initiatives (GRI)

## ECONOMIC PERFORMANCE

### HIGHLIGHT ON ECONOMIC PERFORMANCE

The economic highlights of Delong's performance for 12 months from 1 January to 31 December 2018 (FY 2018) is shown in the table below.

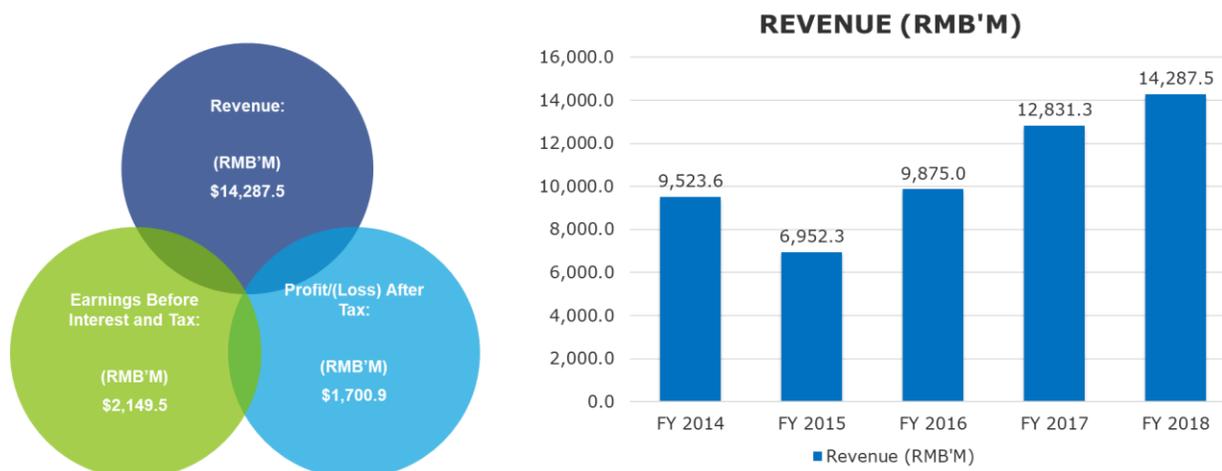


Figure 4: Financial Performance FY2018 (RMB'M)

For a more detailed breakdown of its 2018 financial results, please refer to the relevant sections in Delong Holdings Limited's Annual Report 2018 (Annual Report).

## ENVIRONMENT

### OUR APPROACH

Our business operations pose a significant impact on the environment. We are committed to effectively manage the environmental aspects as well as to comply with applicable environmental standards, laws, and regulations.

### ENERGY

Our main operations are in manufacturing and production, as such energy consumption is a key issue of concern. The energy sources used in the company are coal, waste gas (biomass) and electricity. We have implemented an energy monitoring practice to handle energy usage within the company. With the monitoring initiative in place, we achieved the target of FY2017 to minimising the energy consumption within the company by 19.8%, which equivalent to 9,291,106,318 MWh or 2,580,862 MJ.

At Delong, we have a designated team to monitor the energy usage within the company. The team will conduct regular inspections and analyse the energy consumption data on a monthly basis. Energy surges that were identified within the company will be investigated for possible faults in the instruments and machinery.

The below charts show the detailed breakdown of Delong's energy consumption statistics.

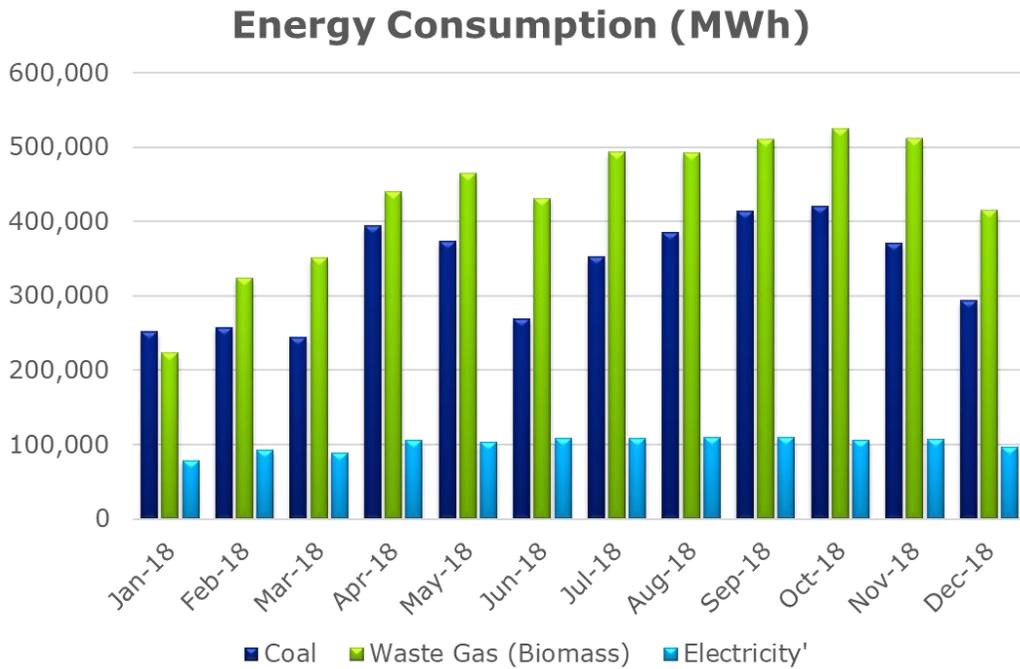


Figure 5: Energy Consumption (MWh)

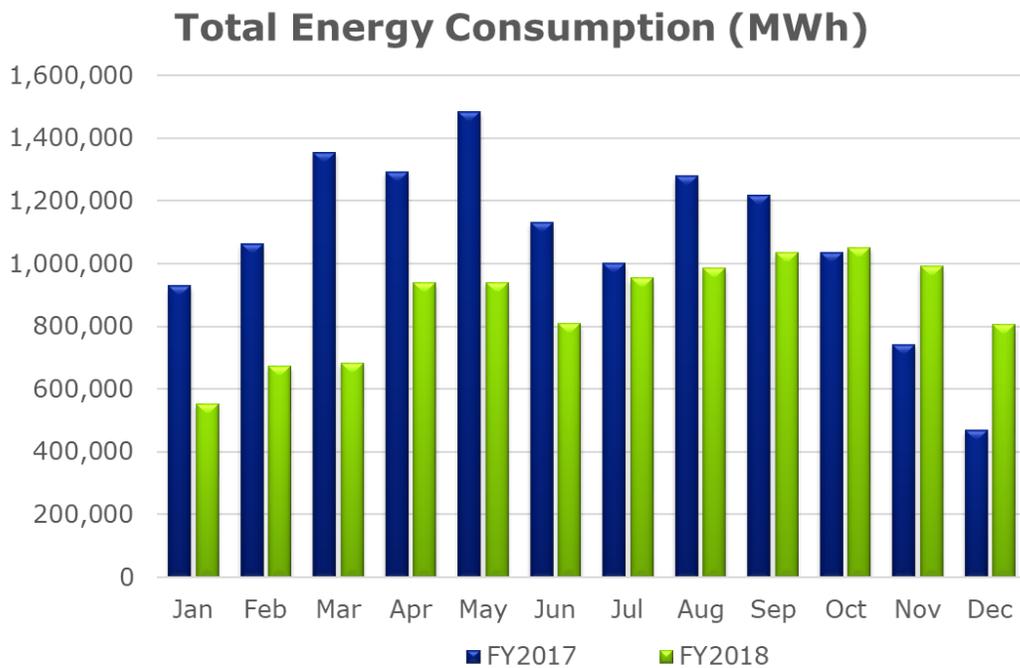


Figure 6: Total Energy Consumption (MWh)

In FY 2018, the total energy consumption was recorded at 10,428,509 megawatt (MWh) hour which equivalent to 37,542,632,476 megajoules (MJ).

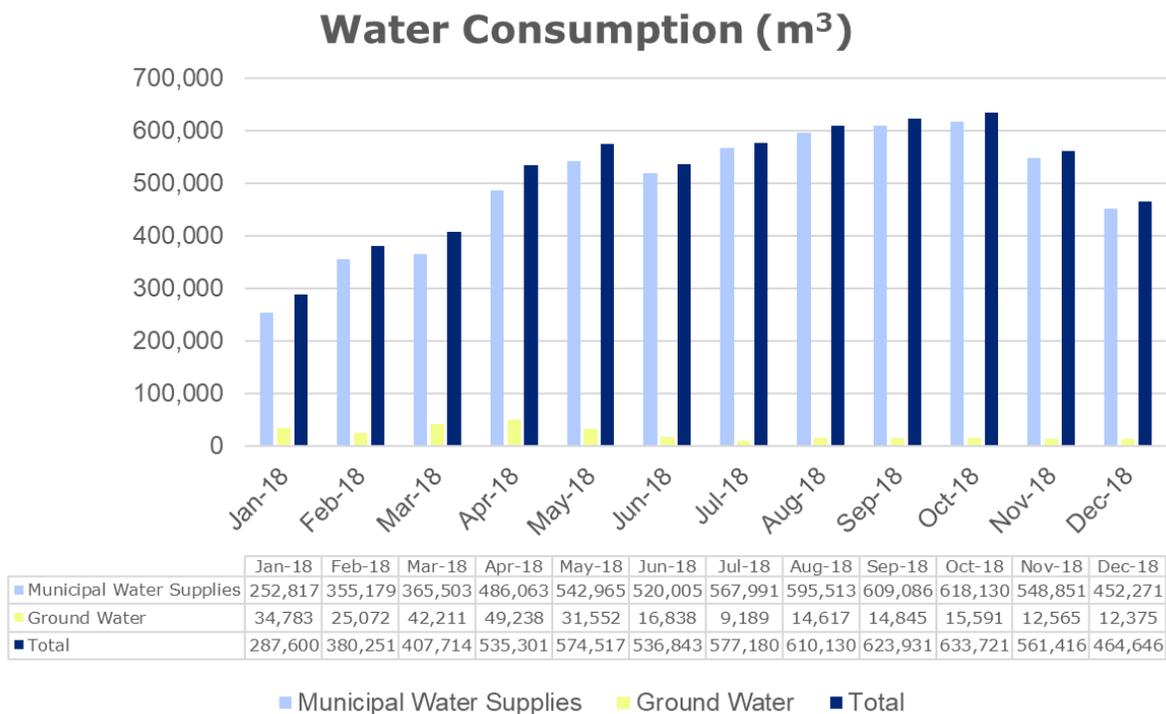
In the future, we aim to achieve greater efficiency in the use of energy to lower our operating costs within the company.

## WATER

Water is identified as a priority resource for our business. We are committed to reducing water consumption and encouraging the use of treated/recycled water in our daily operations. We have a strategic approach to water management by:

- Implementing a water reuse system in our daily operations to reduce the reliance on municipal supply; and
- Establishing monitoring water leak detection work to monitor water usage as well as to reduce wastage due to leaking pipes or water overflow within the company.

The below charts show the detailed breakdown of Delong’s water consumption statistics.



*Figure 7: Water Consumption (m<sup>3</sup>)*

In FY 2018, the total water consumption was recorded at 6,193,250 m<sup>3</sup>. However, we will continue our effort in reducing the water consumption within the company by monitoring water leak detection work which is also in line with the company’s objective in minimising the operating cost.

## ENVIRONMENTAL COMPLIANCE

In order to ensure legal compliance, we analyse and follow the environmental laws and regulations in the countries which we operate in closely.

**NIL**

<b>Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations</b>
<b>Total monetary value of significant fines</b>
<b>Total number of non-monetary sanctions</b>
<b>Cases brought through dispute resolution mechanisms</b>

In FY2018, there were no major incidences involving significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. We aim to maintain this level of performance through continual adherence.

## PEOPLE

### OUR APPROACH

We emphasise the protection of labour rights, equal opportunity and non-discrimination in the workplace. We have a human resource policy that expresses the commitment to the ethical, professional and legal standards with the objectives to:

- Developing employees’ working competencies through learning and development;
- Creating a well-balanced workplace to attract talent;
- Fostering fair and equitable workplace culture; and
- Caring for employees’ well-being and benefits.

### EMPLOYMENT

In FY2018, we have a total 4,530 employees. The graphs below show our employees broken down by gender and age categories.

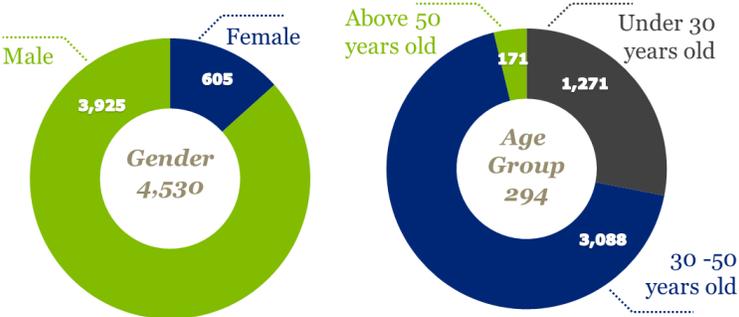


Figure 8: Employee Statistics by Gender and Age Group FY2018

Recruitment of new employees is conducted in line with our corporate human resource policy. The below charts show the detailed breakdown of our employment statistics.

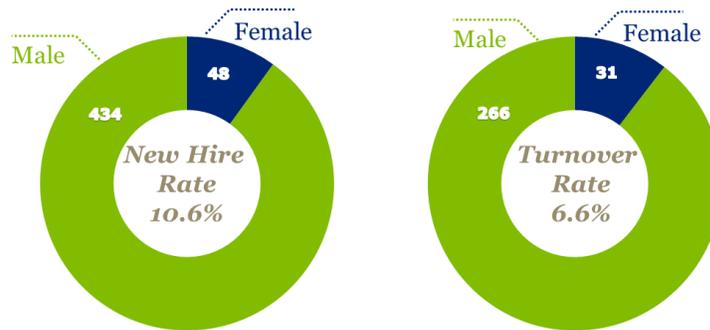


Figure 9: Employee New Hire and Turnover Rate FY2018

This year, our employee new hire rate has also shown a good progress with an increase to 10.6% as compared to 8.7% in FY2017. Furthermore, our employee turnover rate has decreased to 6.6% as compared to 10.0% in FY2017.

In the coming years, we aim to provide equal opportunities when employing regardless of race, religion or gender.

## TRAINING AND EDUCATION

We believe in employees’ learning and development by grooming them to their fullest potential, personally and professionally. At Delong, we emphasise heavily on continual training so as to enhance staff performance and upgrade their professional skillsets.

The training thus ensures that employees are able to acquire the necessary skillset relevant to their job scope. Regardless of category, each employee, on an average, has more than 100 hours of training annually.

The below charts show the detailed breakdown of employees’ average training hours by gender and employee categories.

### Employee Average Hours of Training Per



In FY2018, we have met our internal target for Continuing Professional Development (CPD) training of **102.4** hours per employee.

In the future, we aim to maintain the 100 hours of training per employee per annum and continue to work toward equipping our employees with necessary knowledge and skills to improve their capabilities.

## OCCUPATIONAL HEALTH AND SAFETY

We consider people as the backbone of our business operation and strive to ensure that our employees' health and safety are always taken care of. We have formulated various systems for occupational health and safety (OHS) within the company.

A Safety committee has been established at Delong to improve environmental health and safety (EHS) performance within the company, prevent industrial safety occupational diseases, as well as to create awareness of EHS among our employees.

In the event of incidents, we have an on-site response plan that gives the safety committee overall responsibility in the treatment and evacuation of any injured workers.

The diagram below shows a full breakdown of our company's occupational health and safety statistics for this year.



In FY2018, we achieved the target of zero incident work-related injury, **zero** incident of occupational disease and **zero** lost day due to work-related injury or occupational disease. Furthermore, we also achieve **zero** absentee rate over the reporting period.

To continue the emphasis on managing workplace health and safety in our business, we have outlined goals and targets to better manage health and safety concerns of our employees. We aim to achieve an excellent OHS culture within our Group to achieve zero reportable (lost-time) incidents. We continuously monitor and strive to improve the performance and safety standards of the workplace environment.

# GRI CONTENT INDEX

## TABLE OF GRI CONTENT INDEX

<b>GRI 102: GENERAL DISCLOSURES 2016</b>			
<b>GRI Standards 2016</b>	<b>Disclosure</b>	<b>Section Reference</b>	<b>Omission</b>
<b>ORGANISATIONAL PROFILE</b>			
<b>GRI 102: General Disclosures 2016</b>	102-1 Name of the organisation	<a href="#">Introduction</a>	
	102-2 Activities, brands, products and services	<a href="#">Introduction</a>	
	102-3 Location of headquarters	<a href="#">Introduction</a>	
	102-4 Location of operations	<a href="#">Introduction</a>	
	102-5 Ownership and legal form	<a href="#">Introduction</a>	
	102-6 Markets served	<a href="#">Introduction</a>	
	102-7 Scale of the organisation	<a href="#">Introduction</a>	
	102-8 Information on employees and other workers	<a href="#">Introduction</a>	
	102-9 Supply chain	<a href="#">Introduction</a>	
	102-10 Significant changes to organisation and its supply chain	<a href="#">Introduction</a>	
	102-11 Precautionary principle or approach	<a href="#">Introduction</a>	
	102-12 External Initiatives	<a href="#">Achievements And Recognitions</a>	
	102-13 Membership of associations	<a href="#">Introduction</a>	
<b>STRATEGY</b>			
<b>GRI 102 : General Disclosures 2016</b>	102-14 Statement from senior decision-maker	<a href="#">Message From Board</a>	
<b>ETHICS AND INTEGRITY</b>			
<b>GRI 102: General Disclosures 2016</b>	102-16 Values, principles, standards, and norms of behaviour	<a href="#">Introduction</a>	
<b>GOVERNANCE</b>			
<b>GRI 102: General Disclosures 2016</b>	102-18 Governance structure	<a href="#">Introduction</a>	
<b>STAKEHOLDER ENGAGEMENT</b>			
	102-40 List of stakeholder groups	<a href="#">Stakeholder Engagement And Materiality Review</a>	
	102-41 Collective bargaining agreements	Not Applicable	

<b>GRI 102: GENERAL DISCLOSURES 2016</b>			
<b>GRI 102: General Disclosures 2016</b>	102-42 Identifying and selecting stakeholders	<a href="#">Stakeholder Engagement And Materiality Review</a>	
	102-43 Approach to stakeholder engagement	<a href="#">Stakeholder Engagement And Materiality Review</a>	
	102-44 Key topics and concerns raised	<a href="#">Stakeholder Engagement And Materiality Review</a>	
<b>REPORTING PRACTICE</b>			
<b>GRI 102: General Disclosures 2016</b>	102-45 Entities included in the consolidated financial statements	<a href="#">Introduction</a>	
	102-46 Defining report content and topic Boundaries	<a href="#">About This Report</a>	
	102-47 List of material topics	<a href="#">Stakeholder Engagement And Materiality Review</a>	
	102-48 Restatements of information	Not Applicable	
	102-49 Changes in reporting	Not Applicable	
	102-50 Reporting period	<a href="#">About This Report</a>	
	102-51 Date of most recent report	Delong Holdings Limited Sustainability Report FY2017	
	102-52 Reporting cycle	<a href="#">About This Report</a>	
	102-53 Contact point for questions regarding the report	<a href="#">About This Report</a>	
	102-54 Claims of reporting in accordance with the GRI Standards	<a href="#">About This Report</a>	
	102-55 Content index	<a href="#">GRI Content Index</a>	
	102-56 External assurance	<a href="#">About This Report</a>	

<b>CATEGORY: ECONOMIC</b>			
<b>ECONOMIC PERFORMANCE</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Economic Performance</a>	
	103-2 The management approach and its components	<a href="#">Economic Performance</a>	
	103-3 Evaluation of the management approach	<a href="#">Economic Performance</a>	
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	<a href="#">Economic Performance</a>	
<b>CATEGORY: ENVIRONMENT</b>			
<b>ENERGY</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Environment</a>	
	103-2 The management approach and its components	<a href="#">Environment</a>	
	103-3 Evaluation of the management approach	<a href="#">Environment</a>	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	<a href="#">Environment</a>	
<b>WATER</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Environment</a>	
	103-2 The management approach and its components	<a href="#">Environment</a>	
	103-3 Evaluation of the management approach	<a href="#">Environment</a>	
<b>GRI 303: Water 2016</b>	303-1 Water withdrawal by source	<a href="#">Environment</a>	
<b>ENVIRONMENTAL COMPLIANCE</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">Environment</a>	
	103-2 The management approach and its components	<a href="#">Environment</a>	
	103-3 Evaluation of the management approach	<a href="#">Environment</a>	
<b>GRI 307: Environmental Compliance 2016</b>	307-1 Non-compliance with environmental laws and regulations	<a href="#">Environment</a>	

<b>CATEGORY: SOCIAL</b>			
<b>EMPLOYMENT</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">People</a>	
	103-2 The management approach and its components	<a href="#">People</a>	
	103-3 Evaluation of the management approach	<a href="#">People</a>	
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	<a href="#">People</a>	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">People</a>	
	103-2 The management approach and its components	<a href="#">People</a>	
	103-3 Evaluation of the management approach	<a href="#">People</a>	
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<a href="#">People</a>	
<b>TRAINING AND EDUCATION</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its boundary	<a href="#">People</a>	
	103-2 The management approach and its components	<a href="#">People</a>	
	103-3 Evaluation of the management approach	<a href="#">People</a>	
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	<a href="#">People</a>	

Note: The column of "Omission" is intentionally left blank as there are no omissions made in the Sustainability Report.